



The President's Daily Brief

July 18, 1975

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FOR THE PRESIDENT ONLY

July 18, 1975

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EGYPT

Egypt's second-ranking representative to the UN told the US mission yesterday that Cairo's objective on the issue of renewing the UN mandate is to include wording in the Security Council resolution emphasizing that the UN force is responsible for supervising Israeli withdrawals. This is the most specific indication the Egyptians have yet given of the kind of formulation that might satisfy them and implies that Cairo wishes to facilitate the continued presence of the UN force.

The Egyptian envoy stressed that Cairo does not want to upset US-mediated peace negotiations by its actions at the UN, and he noted that his government is aware that unbalanced language in a Security Council resolution could provoke a US veto. The Egyptians hope, he said, to work in close consultation with the US mission on mutually acceptable language.

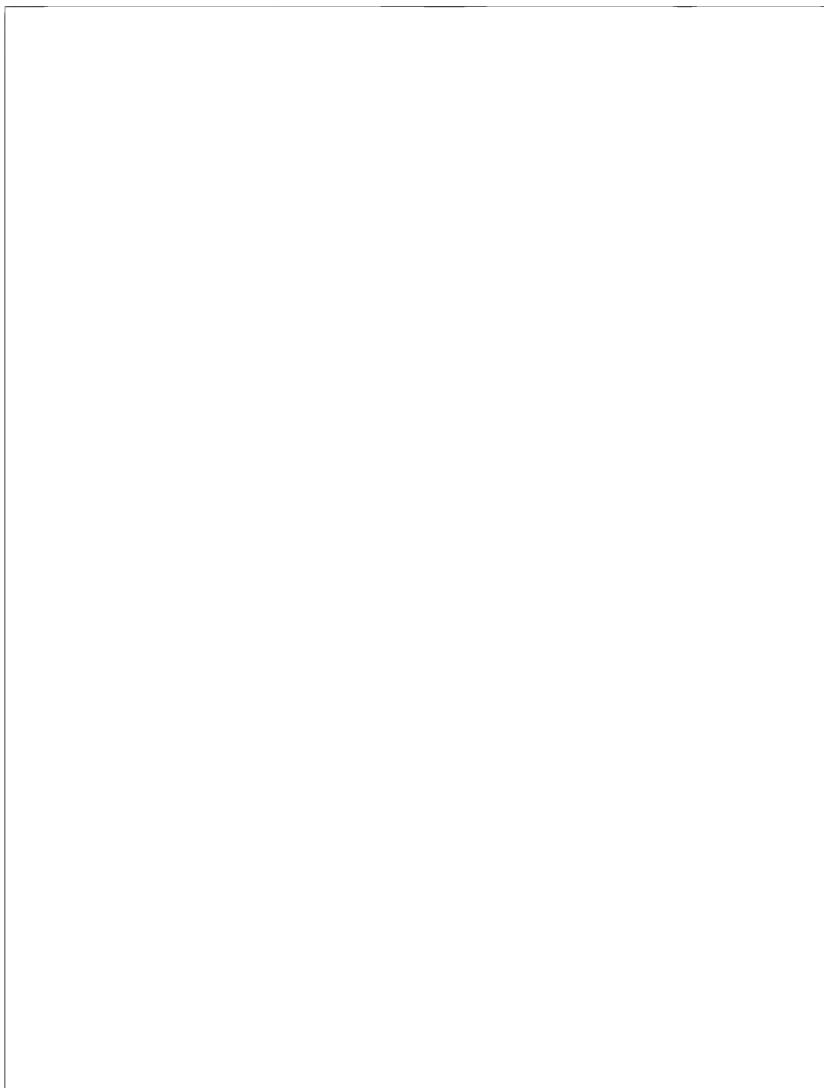
The Egyptian did not comment on the duration of any extension that might be acceptable to Cairo. It is doubtful that Cairo would accept the six-month extension Israel has requested, and it might not agree to more than a month.

Nor is it clear whether Israel would accept Egypt's proposed wording on the function of the UN force. Israel's acting permanent representative told Ambassador Moynihan yesterday that Tel Aviv is not prepared to accept anything that goes beyond the language of past resolutions on mandate extensions.

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EGYPT



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LAOS

The Lao communists, having forced a drastic reduction in the size and role of the US mission, are focusing on the activities of other diplomatic missions and are moving to eliminate any foreign diplomatic presence outside Vientiane.

The Thai, who have been subjected to virulent propaganda barrages for months, closed their three consulates last week because of uncertainty about the safety of their personnel. The French have been asked to close their three small military training missions in the provinces, and the Japanese and Australian voluntary agencies have heard suggestions that they end all activities outside the capital.

The communists appear determined to prevent any foreign observation of their activities in the countryside and strictly limit non-communist missions in Vientiane. Although these missions have been spared intense harassment, diplomats are finding it increasingly difficult to transact even the most mundane business with the government. In addition, the government has thrown up bureaucratic barriers to travel by foreigners outside the city. Leftist student spokesmen, who were involved in the anti-US demonstrations, now are saying that they wish to examine the size of diplomatic missions and recommend limitations.

The French, British, Australians, and Japanese provide much-needed economic assistance through the Foreign Exchange Operations Fund and small aid projects. The communists clearly want to continue receiving this assistance, but only on their own terms. After years of austerity in the caves at Sam Neua, most communist leaders see no urgent reasons to accommodate non-communist aid donors.

The Lao communists are just beginning to react to the prospect of an end to US aid. In recent informal conversations with Western diplomats, two mid-level communist officials expressed shock. One of these officials indicated that he believed such aid was due Laos under the Lao peace agreements, but said that the government would not beg. The Lao so far have shown no sign whether they will accept continued diplomatic relations with the US in the absence of new assistance.

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Japanese officials are concerned over the possibility of further violence in Okinawa during the International Ocean Exposition, which formally opens there tomorrow.

Leftists are protesting a variety of "injustices," including US and Japanese neglect of Okinawa since World War II, the large US base presence, and the continuation of the monarchy in Japan. The immediate concern of the Okinawa police, who are being reinforced by some 2,400 riot police from the main islands, is to prevent further incidents directed against Crown Prince Akihito, Prime Minister Miki, and other members of the cabinet who are present for the opening of the exposition. Japanese officials fear any incident involving US facilities or personnel could touch off increased criticism of US bases and cause embarrassment to both the US and Japanese governments.

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North Vietnam has issued a strong blast against Secretary Kissinger's criticism of the role of third-world countries in the UN.

The commentary, published in the official party journal Nhan Dan, indicates that North Vietnam is using the Secretary's remarks in an effort to increase third-world support for its own application for UN membership. The Saigon-based communist administration is likely to pursue a similar strategy.

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ITALY

When the leaders of Italy's Christian Democratic Party gather tomorrow to debate the implications of last month's regional and local elections, they will be preoccupied with one overriding fact: for the first time, the party is in real danger of losing its dominant position in national politics to the Communists. The Christian Democrats and Communists have been, respectively, Italy's largest and second largest party during most of the postwar period. Until the June contests there have never been less than 10 percentage points between them. In June, however, the Communists pulled to within about 2 percent of the Christian Democrats at the regional, provincial, and municipal levels.

The 120-member Christian Democratic national council--the party's principal deliberative body--faces two basic problems:

- How to minimize the damage to the party's position in regional and local governments.
- How to prevent the Communists from duplicating or improving on their performance in the next national parliamentary election, which must be held no later than 1977.

There is probably not much the Christian Democrats can do about the regional and local situation. Two weeks ago, the party's executive directorate called for the formation of center-left governments--i.e., coalitions composed of Christian Democrats, Socialists, Social Democrats, and Republicans--wherever possible. But the Socialists, whose moderate gains gave them the option in many areas of either joining center-left governments or linking up with the Communists, have so far shown a preference for alliances with the Communists.

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The Christian Democrats face a particularly difficult problem in deciding the line to take with the Socialists. Both the Socialists and Communists emphasize that their coalitions are open to all parties except the neo-fascists. This forces the Christian Democrats either to relinquish their share of power in many areas or join the Socialists and Communists in local governments. Such local alliances would inevitably be regarded as a move toward Communist chief Berlinguer's

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proposal for an "historic compromise" aimed at co-operation among the three parties at the national level.

In an effort to turn the situation around, the Christian Democrats will be critically reassessing their leadership and policies. Although Christian Democratic leaders generally say they do not want to make a scapegoat of party chief Amintore Fanfani, most seem to have concluded that he has to go. An overwhelming majority in the party's executive directorate broke with Fanfani on the issue of whether to postpone the reassessment until the party con-

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gress next fall. Prime Minister Moro [redacted] is expected to withdraw his support at the council meeting. Thus, even if the council does not vote Fanfani out now--he says he will not resign--it will at least pave the way for his departure. He is likely to be out no later than the party congress in the fall.

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Maneuvering for a successor is already under way among the Christian Democrats' six factions. The largest of the center factions--which includes Foreign Minister Rumor and represents about a third

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of the party--does not now hold either the party leadership or the office of prime minister and may well provide the new leader. A front runner is 60-year-old Flaminio Piccoli--leader of the Christian Democratic delegation in parliament's lower house. Although regarded as a conservative, Piccoli appears to have had some success during the last few weeks in mending fences with Christian Democratic left-wingers, whose approval will be essential to anyone wishing to succeed Fanfani. Other prominent contenders are Rumor and Budget Minister Andreotti, who leads his own faction.


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The Christian Democrats will also have to decide on the composition of a government to follow Moro's Christian Democratic-Republican coalition--supported in parliament by the Social Democrats and Socialists--which everyone regards as a stopgap to bridge the June elections. The Christian Democrats do not have many options. They can:

--Pay the price the Socialists are demanding for their return to full participation in the center-left coalition. That would involve policy and ministerial concessions to the Socialists, along with a larger chunk of patronage. There are signs that the Socialists may also insist on some form of indirect participation by the Communists, such as formalized consultations on legislative matters.

-Insist on the traditional center-left formula, in which the Christian Democrats would continue to hold most of the power. The Socialists would balk, however, and the ensuing political battle could lead to an early national election.

--Try to revive the centrist coalition, replacing the Socialists with the small and conservative Liberal Party. Although mathematically possible, the nationwide decline of the Liberals in the regional elections would make the centrist alternative just another stopgap.

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In addition to these immediate problems, the Christian Democrats will have to address the longer range issue of their relations with the Communists. The election results suggest that Italians in increasing numbers view the Communists as a legitimate national party, so it will be difficult for the Christian Democrats merely to reiterate their opposition to the Communists on ideological grounds. The Christian Democrats are not likely to make a deal with the Communists, however, unless forced to do so by a decisive defeat in a national election. Still, there are bound to be pressures for a more open dialogue with Berlinguer's party, not only from the Socialists but also from the Christian Democratic left.

The heterogeneous nature of their party will make it difficult for the Christian Democrats to reach a consensus on these issues. Any course of action will alienate some of the party membership. That dilemma is particularly acute now, because Fanfani's campaign strategy resulted in a shift of the party's image to the right at a time when the country seems to be moving left.

It will be hard, too, for the Christian Democrats' diverse factions to break the ingrained habit of maneuvering for internal advantage even after policy decisions are taken. One symptom of this tendency is the party's chronic inability to impose discipline on its representatives in parliament when controversial issues are up for a vote.

The Christian Democrats could field new faces capable of improving the party's tired image only with a major internal upheaval that would risk alienating traditional supporters.

As the Christian Democrats struggle to overcome these problems, they will be competing with a Communist Party that seems united behind Berlinguer and bent on proving that it is a moderate party with the answers to Italy's problems. The latest example of the Communist post-election strategy came last week, when Communist labor leaders took the lead in encouraging Italy's major labor federation to seek maximum employment and temper wage demands in major contract negotiations this fall. The federation's strategy should encourage less protracted bargaining in the fall, unless some of the militant constituent unions refuse to go along. Deputy Prime Minister La Malfa, a frequent critic of labor's policies, praised the Communist-sponsored proposals as eminently sensible.

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